

MEMO

DATE: January 4, 2007

TO: Transportation and Communications Committee

FROM: Annie Nam, Transportation Finance Program Manager, (213) 236-1827, nam@scag.ca.gov

SUBJECT: Update on TIFIA (Transportation Infrastructure Finance and Innovation Act)

BACKGROUND:

Staff held a conference call with Julie Nelson of the US Department of Transportation (US DOT) and Mark Sullivan of the US DOT's TIFIA office to discuss accessing federal TIFIA loans for pre-construction work on a number of goods movement initiatives in the SCAG region.

Although the TIFIA statute itself does not limit the use of the loan program for environmental and preliminary engineering work (pre-construction work activities), the statute does require "NEPA Compliance." This has been interpreted by US DOT to mean that a Record of Decision (ROD) has to have been received before a loan can be made, thus eliminating the use of the loan program for phases of a project prior to the ROD.

One suggested approach to accessing the TIFIA program for pre-construction work activities is to clearly define the "pre-construction" phase as a stand-alone project. For example, a highway project could be split into two distinct projects. The initial project could be defined as a "development" project to receive TIFIA assistance for pre-construction activities and then later defined as a "construction" project. A ROD should not be an issue for pre-construction activities. A SEP-15 application, however, may be necessary to address this issue. SEP-15 is a new experimental process for FHWA to identify, for trial evaluation, new public-private partnership approaches to project delivery.

TIFIA credit review requirements (including an investment grade repayment stream) would be a challenge for the pre-construction project, but a pledge may be possible between the many stakeholders in the southern California region: potentially a small pledge of the Alameda Corridor Transportation Authority's container fee revenues and the Ports of LA/Long Beach or the cities of LA/Long Beach.

With the identification of a single project sponsor and a much more clearly defined package of projects, there is the possibility of accessing TIFIA loans for pre-construction work—assuming credit requirements can be adequately addressed. As a follow-up to this conference call, currently staff is preparing a brief proposal identifying a potential project sponsor, a package or bundle of pre-construction work activities to be considered for a "pre-TIFIA loan."

FISCAL IMPACT:

Work associated with this task is included in the current year overall work program for transportation finance (07-015.SCGS1).

MEMO

Reviewed by:


Division Manager

Reviewed by:


Department Director

Reviewed by:


Chief Financial Officer